

Registered number: 02997636

TRAFALGAR HOUSE SERVICECO LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

For the Year Ended 31 December 2018



TRAFALGAR HOUSE SERVICECO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT For the Year Ended 31 December 2018

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRAFALGAR HOUSE SERVICECO LIMITED
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STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	4	41,977	273,369
Tangible assets	5	493,687	504,929
Investments	6	1	1
		<u>535,665</u>	<u>778,299</u>
Current assets			
Work in progress		-	11,339
Debtors: amounts falling due after more than one year	7	273,600	273,600
Debtors: amounts falling due within one year	7	1,114,808	1,685,025
Cash at bank and in hand	8	3,261,807	2,382,820
		<u>4,650,215</u>	<u>4,352,784</u>
Creditors: amounts falling due within one year	9	(1,181,701)	(1,712,310)
Net current assets		<u>3,468,514</u>	<u>2,640,474</u>
Total assets less current liabilities		<u>4,004,179</u>	<u>3,418,773</u>
Provisions for liabilities			
Deferred tax	10	(13,512)	(60,305)
Other provisions	11	(78,128)	(95,062)
		<u>(91,640)</u>	<u>(155,367)</u>
Net assets		<u><u>3,912,539</u></u>	<u><u>3,263,406</u></u>
Capital and reserves			
Called up share capital	12	2,600,001	2,600,001
Profit and loss account		1,312,538	663,405
		<u><u>3,912,539</u></u>	<u><u>3,263,406</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

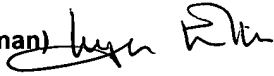
The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2019.

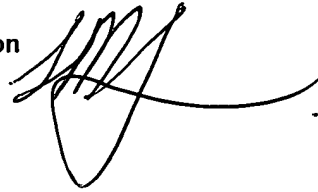
TRAFALGAR HOUSE SERVICECO LIMITED
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STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2018

Mrs M R A Ellis (Chairman)
Director



Mr J M Sampson
Director



The notes on pages 4 to 13 form part of these financial statements.

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

1. General information

The company is a private company (limited by shares) incorporated in England and Wales.

The company's registered office and principal place of business is Cheapside House, 138 Cheapside, London EC2V 6BJ.

The company's principal activity is the provision of pensions administration services.

The average number of employees, including the directors, during the year was 4 (2017: 41).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Going concern

The directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved, the anticipated cash flows and other mitigating actions that can be taken during that period.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.5 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Pensions

Contributions to the Group Personal Pension scheme for employees are recognised as an expense in the period in which they are incurred.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged at the point the asset is ready for use so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Core software development costs 5 years
- Acquired or non-core software 3 years or the relevant licence period, if less

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the term of the lease
Fixtures & fittings	- 3 years
Office equipment	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Work in progress

Work in progress represents work undertaken on behalf of clients which is not yet due to be invoiced. Work in progress is measured at the lower of cost and net realisable value.

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Non short term debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at transaction price.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. Other income

Other income of £597,831 arising in the year represents the net proceeds of the disposal of certain contracts and a number of identifiable assets and liabilities to a fellow group undertaking.

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

4. Intangible assets

	Computer software £
Cost	
At 1 January 2018	810,250
Intra-group transfers	(253,017)
At 31 December 2018	<u>557,233</u>
Amortisation	
At 1 January 2018	536,881
Charge for the year	29,225
Intra-group transfers	(50,850)
At 31 December 2018	<u>515,256</u>
Net book value	
At 31 December 2018	<u><u>41,977</u></u>
At 31 December 2017	<u><u>273,369</u></u>

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

5. Tangible fixed assets

	L'hoid Imps £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2018	462,846	101,129	43,879	100,762	708,616
Additions	-	-	2,762	57,760	60,522
Disposals	-	(22,796)	-	-	(22,796)
At 31 December 2018	<u>462,846</u>	<u>78,333</u>	<u>46,641</u>	<u>158,522</u>	<u>746,342</u>
Depreciation					
At 1 January 2018	61,512	58,159	24,101	59,915	203,687
Charge for the year on owned assets	46,285	12,326	10,659	24,756	94,026
Disposals	-	(45,058)	-	-	(45,058)
At 31 December 2018	<u>107,797</u>	<u>25,427</u>	<u>34,760</u>	<u>84,671</u>	<u>252,655</u>
Net book value					
At 31 December 2018	<u>355,049</u>	<u>52,906</u>	<u>11,881</u>	<u>73,851</u>	<u>493,687</u>
At 31 December 2017	<u>401,334</u>	<u>42,970</u>	<u>19,778</u>	<u>40,847</u>	<u>504,929</u>

6. Fixed asset investments: Investment in subsidiary undertaking

	£
Cost	
At 1 January 2018	1
At 31 December 2018	<u>1</u>
Net book value	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>1</u>

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

6. Fixed asset investments: Investment in subsidiary undertaking (continued)

At 31 December 2018 the company's sole subsidiary undertaking was Trafalgar House Holdings Limited ("THHL").

The company owns 100% of the issued ordinary share capital of THHL.

THHL was dormant during the current year and its registered office and principal place of business are the same as that of the company.

7. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	<u>273,600</u>	<u>273,600</u>
	2018 £	2017 £
Due within one year		
Trade debtors	-	174,178
Amounts owed by group undertakings	15,933	-
Other debtors	100,741	123,486
Prepayments and accrued income	194,243	313,579
Amounts owed by Trafalgar House Pension Trust	803,891	1,073,782
	<u>1,114,808</u>	<u>1,685,025</u>

8. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>3,261,807</u>	<u>2,382,820</u>

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	57,662	53,360
Other taxation and social security	160,694	148,925
Other creditors	144,745	7,562
Accruals and deferred income	818,600	1,502,463
	<u>1,181,701</u>	<u>1,712,310</u>

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

10. Deferred taxation

	2018 £	2017 £
At beginning of year	60,305	35,828
Movement in statement of income	(46,793)	24,477
At end of year	13,512	60,305

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	37,193	19,535
Other short-term timing differences	(23,681)	40,770
	13,512	60,305

11. Provisions

	Dilapidations £	Leave pay £	Total £
At 1 January 2018	78,128	16,934	95,062
Movement in statement of income	-	(11,975)	(11,975)
Reclassification	-	(4,959)	(4,959)
At 31 December 2018	78,128	-	78,128

The company has made a provision for the cost of dilapidations in accordance with the refurbishment clauses and reinstating alterations given in the ten year lease of the company's premises

TRAFALGAR HOUSE SERVICECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

12. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2,600,001 (2017 - 2,600,001) Ordinary shares of £1 each	<u>2,600,001</u>	<u>2,600,001</u>

13. Contingent liabilities

Based on legal advice obtained by the company's group, as the company is the responsible employer in relation to the Trafalgar House Pension Trust ("the Trust"), the directors understand that the company could be liable to the Trust for deficit reduction contributions.

Whilst legally the company is the responsible employer in relation to the Trust, it has never participated in the defined benefit plan and only ever provided money purchase benefits to its employees. Consequently, in accordance with FRS 102, the Trust is not recognised on the balance sheet although a contingent liability is disclosed.

The last formal review of financial position was obtained as at 31 December 2017 and this concluded that the Trust, with assets of £1,847m, was 91% funded on a technical provisions basis. Whilst the formal recovery plan produced by the Trust shows that it expects to achieve full funding of its liabilities by September 2023, and this does not rely on any contributions being made by THSL, the potential does exist for THSL to be legally required to make further contributions to the Trust over and above those obligations provided for within the financial statements.

14. Pension commitments

Pension benefits are provided for the company's staff through a Group Personal Pension scheme. The assets of the scheme are held separately from those of the company.

The pension cost charge, representing contributions payable by the company to the group personal pension scheme amounted to £44,005 (2017 : £139,383) for the year.

Contributions totalling £15,286 (2017: £Nil) were outstanding at the balance sheet date.

15. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	304,000	304,000
Later than 1 year and not later than 5 years	380,000	684,000
	<u>684,000</u>	<u>988,000</u>

In addition to the rental commitment recorded above, the company has a commitment to pay related service charges and insurance.

TRAFALGAR HOUSE SERVICECO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018**

16. Related party transactions

The company has taken advantage of the exemption available under FRS 102 1A to not disclose directors' emoluments or transactions with fellow group undertakings on the basis that all such transactions have been entered into under normal commercial terms.

17. Parent undertakings and ultimate controlling party

The company's immediate parent undertaking is Trafalgar House Trustees Limited ("THTL").

THTL's immediate parent undertaking and the company's ultimate controlling party is Trafalgar House Pension Trust ("the Trust").

THTL's entire issued share capital is held by two of its directors, Mrs M R A Ellis and Mr J O Froeshaug, on behalf of the Trust.

THTL is the only group undertaking that prepares consolidated financial statements that are publicly available from Companies House.

The company's parent undertakings all have the same registered office as the company.

18. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 7 May 2019 by Matthew Stallabrass (Senior statutory auditor) on behalf of Crowe U.K. LLP.